

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION**

**Call to Order:** By **CHAIRMAN JOHN WITT**, on January 29, 2001 at 9.00 A.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. John Witt, Chairman (R)  
Sen. Ken Miller, Vice Chairman (R)  
Rep. Rosalie (Rosie) Buzzas (D)  
Sen. Greg Jergeson (D)  
Sen. Royal Johnson (R)  
Rep. Art Peterson (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Mark Bruno, OBPP  
Amy Carlson, OBPP  
Pam Joehler, Legislative Branch  
Cayenna Johnson, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Office of the Commissioner of  
Higher Education  
Executive Action: None.

#### **CONTINUED HEARING ON THE OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION**

**{Tape : 1; Side : A; Approx. Time Counter : 1; 9:00 a.m.}**

**Dr. Richard Crofts, Commissioner of Higher Education**, began by explaining to the committee that the Office of Higher Education (OCHE) supports HB 288.

**Ms. Arlene Hannawalt, Director Montana Guaranteed Student Loan Program, OCHE**, gave an overview of the Montana Guaranteed Student Loan Program in the following PowerPoint presentation on pages 6-8 given to the committee on 1/16/01. She also gave the committee information entitled, "Montana Guaranteed Student Loan Program".

**EXHIBIT(jeh23a01)** and **EXHIBIT(jeh23a02)**

**Ms. Hannawalt** gave the committee additional information entitled, "Minimum Annual Income Levels Needed to Support Indebtedness of Undergraduate Students/Standard Repayment" and a copy of the Free Application for Federal Student Aid (FAFSA).

**EXHIBIT(jeh23a03)** and **EXHIBIT(jeh23a04)**

She stated the average indebtedness of Montana students is \$17,000 and this requires a monthly payment after college of \$210 per month, or they estimate, an annual income of \$30,000.

*{Tape : 1; Side : A; Approx. Time Counter : 18}*

**SEN. JOHNSON** asked, regarding the PowerPoint presentation, why a family making an annual income of \$30,000 per year is only expected to pay \$610 per month. **Ms. Hannawalt** explained that figure is based on a federal formula using family income and demographic information and is computed on the federal level.

**REP. PETERSON** said he was impressed with higher education working in conjunction with K-12 and asked how many schools have the GEAR-UP program. **Dr. Joyce Scott, Deputy Commissioner for Academic and Student Affairs, OCHE**, stated that GEAR-UP is in 21 high schools and 42 junior high schools in Montana.

*{Tape : 1; Side : A; Approx. Time Counter : 26.5}*

**Commissioner Crofts**, stated again that the average indebtedness of Montana students is \$17,000 at the end of four years of education. The average cost of higher education for a resident student is \$11,000 per year or \$44,000 for a four-year degree.

**Mr. Glen Leavitt, Director of Benefits, OCHE**, continued with the presentation and gave an overview of the MUS Employee Group Benefits on page 9 of **Exhibit (1)**.

*{Tape : 1; Side : A; Approx. Time Counter : 30.6}*

**SEN. JOHNSON** asked how the Self-Funded Insurance Plan is doing. **Mr. Leavitt** explained in the last few years it has been doing well; however, in the last few months \$1 million more than expected was expended. They have two different carriers for their HMO insurance plan--New West Health and Big Sky for employees in Butte. **SEN. JERGESON** reminded the committee that New West withdrew for providing coverage for the employees on the state plan, and asked if there are any concerns they will pull out. **Mr. Leavitt** said MUS was concerned, but New West has assured them they will continue to offer coverage for MUS employees.

*{Tape : 1; Side : B; Approx. Time Counter : 1.7}*

**Commissioner Crofts** gave the committee the following information regarding a committee request about the dentistry program:

**EXHIBIT**(jeh23a05)

**Questions from Committee Members:**

**SEN. JOHNSON** asked about the loan plan the Board of Regents administered by Jim Stipich. **Commissioner Crofts** explained that Jim Stipich is not part of state government; therefore, information cannot be found in the LFD Budget Analysis. They buy loans from the private sector.

*{Tape : 1; Side : B; Approx. Time Counter : 6}*

**CHAIRMAN WITT** stated certain members of the committee were concerned about HB 288 and asked if **Commissioner Crofts** would like to comment further. **Commissioner Crofts** explained that OCHE has been in support of this legislation since 1995. He added in the rural and remote areas of Montana, the Tribal Colleges provide a rough equivalent of a public community college for Indian students to access a higher education system as well as for non-Indian students.

**HEARING ON COMMUNITY COLLEGES**

*{Tape : 1; Side : B; Approx. Time Counter : 15.3; 10:00 a.m.}*

**Mr. Robert (Bob) Bennet, President, Miles Community College (MCC)**, began by giving an overview of the history of community colleges in Montana in the following PowerPoint presentation:

**EXHIBIT**(jeh23a06)

**{Tape : 1; Side : B; Approx. Time Counter : 25}**

**Mr. David N. Beyer, President, Flathead Valley Community College (FVCC)**, gave an overview of workforce development and job training improving the economy in the following section of the PowerPoint presentation:

**EXHIBIT(jeh23a07)**

**{Tape : 2; Side : A; Approx. Time Counter : 5}**

**Mr. Terry L. Hetrick, President, Dawson Community College (DCC)**, gave an overview of the Community College funding requests in the following section of the PowerPoint presentation:

**EXHIBIT(jeh23a08)**

**{Tape : 2; Side : A; Approx. Time Counter : 13}**

**Questions from Committee Members:**

**REP. BUZZAS** asked **President Hetrick** to speak to the LFD issue that while Community Colleges are estimating increased enrollment, enrollment has actually declined in the last few years. **President Hetrick** explained in terms of DCC, the curricula prior to his arrival in 1999 was irrelevant to many students in the area. He expects enrollment will change significantly largely due to the new curricula emphasis in agriculture and information technology. His enrollment projection is honest. **REP. BUZZAS** asked if it is difficult to pass mill-levies. **President Hetrick** answered mill-levies are getting more difficult to pass due to decreasing population.

**REP. PETERSON** asked how the community colleges compute student FTE's from non-credit classes. **President Hetrick** explained that FTE's are only computed in credit-generating classes. **REP. PETERSON** asked if partnerships in training programs with the community generate donations. **President Beyer** explained the benefit from these partnerships is identifying needs of the community to provide training. **REP. PETERSON** asked if the Community College Presidents have formed a professional association. **President Beyer** replied the University of Montana has been excellent in supporting FVCC and collaborating in programs.

**{Tape : 2; Side : A; Approx. Time Counter : 25}**

**SEN. JERGESON** asked for clarification on the enrollment projections in regards to being funded based on projected enrollment for each institution or based on the commutative enrollment for community colleges. **President Hetrick** explained that each institution will not receive money if the projected enrollment is not met. **President Bennet** stated each of the Community Colleges are ambitious and see enrollment figures as an incentive to do better recruiting.

**SEN. JOHNSON** asked for the breakdown of the \$476,000 reverted by Community Colleges. **Ms. Pam Joeehler, Legislative Fiscal Division**, reported that in FY 2000, MCC reverted \$225,000, FVCC reverted \$109,000 and DCC reverted \$142,000.

*{Tape : 2; Side : B; Approx. Time Counter : 0}*

**SEN. MILLER** asked if FVCC was doing better financially because of local mill-levies. **President Beyer** explained that property values in the Flathead Valley are greater than in other community college areas. Also, in previous sessions all money generated from mill-levies was shared between the community colleges but this has faded.

**REP. BUZZAS** asked what sort of student population each of the Community Colleges attract. **President Beyer** stated approximately 90% of the FVCC student population is from their district. **President Hetrick** explained that most of the DCC students are of traditional age and 80% come from within their district while 20% come from other districts. **President Bennet** stated only 12 of the MCC students are from out-of-state and that they are usually involved in an athletic program. He says 80%-85% are from within their own district.

**REP. PETERSON** asked if endowment funds are used for operating costs. MCC has about \$1 million in their endowment funds. This money is important since there is no carryover money and last year **President Bennet** asked for \$147,000 of endowment funds to pay for operations. The DCC foundation funds consist of about \$500,000 which is invested and the interest is used for scholarships. FVCC uses most of its foundation money for scholarships and a portion of it for capital improvements.

Two additional pieces of information were given to the committee entitled, "Brief History of Community Colleges" and "Flathead Valley Community College Contract/Professional Training".

**EXHIBIT(jeh23a09)** and **EXHIBIT(jeh23a10)**

**Proponent Testimony:**

***{Tape : 2; Side : B; Approx. Time Counter : 7}***

**Mr. Ty King**, testified in support of funding for community colleges. He stated it gives students an opportunity to grow. Class sizes are good and community colleges educate the masses.

**Ms. Cathy Byron** testified about the importance of MCC in Miles City and how the college contributes a great deal to the community. Her testimony can be found in the following exhibit.

**EXHIBIT(jeh23a11)**

***{Tape : 2; Side : B; Approx. Time Counter : 16}***

**Ms. Elizabeth Harris** is employed in the economic development field. She stated the state's community colleges play a great role in economic development. She added that Montana needs 21<sup>st</sup> century workers to attract 21<sup>st</sup> century employers and businesses.

***{Tape : 2; Side : B; Approx. Time Counter : 21.5}***

**Mr. Michael A. Hanson**, Kalispell, Montana, testified that community colleges provide opportunities for all people. He stated that Montana residents will be looking for vocational rehabilitation at an increasing rate.

**Ms. Kelly Engstrom**, representing students of DCC, testified to the importance of community colleges in rural communities. She stated the small class size provides a great environment for students to get to know teachers and begin to feel comfortable in a college setting. In Eastern Montana MCC and DCC are very important since without them many students would likely choose to attend college in North Dakota.

***{Tape : 2; Side : B; Approx. Time Counter : 30}***

**Mr. Robert Nystuen**, testified in support of community colleges for great access and a place students can begin their remedial education and retaining. His testimony can be found in the following:

**EXHIBIT(jeh23a12)**

**Mr. Carl Schweitzer**, representing **Kalispell Chamber of Commerce, Subcontractors and Plumbers**, stated energy and economic development are two large challenges of the 2001 legislature. He stated the number one need for Montana companies is a trained

workforce. He felt this committee should give Montana businesses what they are needing and help provide skilled workers.

**Ms. Inga Nelson, Montana Education Association/Montana Federation of Teachers**, asked the committee to keep the staff in mind when making budgeting decisions about community colleges.

**Mr. John Engebreston, Board of Trustees, FVCC**, stated he is proud to be a trustee of a community college and he urged the support of the committee.

**Questions from Committee Members and Responses:**

***{Tape : 3; Side : A; Approx. Time Counter : 8.2}***

**REP. BUZZAS** asked the last time the community colleges received an increase in state funding. **President Beyer** responded that in 1999, the community colleges requested 55% funding of resident student FTE and received an increase from 49% to 51%. **SEN. JERGESON** reminded the committee the original vision of state funding for community colleges was funding 65% state support per resident FTE.

**SEN. JOHNSON** asked **President Bennet** if community colleges are part of the university system in Wyoming and to speak to the advantages of the School to Work Program. **President Bennet** explained he thought community colleges are part of the university system in Wyoming. The School to Work Program helps with career development in terms of providing grant money for programs that would not otherwise be funded.

**REP. PETERSON** asked each of the community college presidents if they have residential facilities. DCC has residential facilities which are self-funded; FVCC has no residential facilities; and MCC has residential facilities which are also self-supporting.

***{Tape : 3; Side : A; Approx. Time Counter : 13}***

**CHAIRMAN WITT** asked **Mr. Nysteen** to compare the cost of putting his son through the University of Montana versus FVCC. He responded they are expecting to pay from \$7,000-\$10,000 each year in student tuition to attend U of M as compared to \$1,600 per year to attend FVCC.

**SEN. JERGESON** commented that page two of **Exhibit (2)** indicates the property taxes in the FVCC district are 8 times greater than in the DCC district and 5 times greater than in the MCC district. He stated this was a concern due to the fact that it was not an equitable burden on local tax payers. **SEN. MILLER** reminded the

committee that a \$100,000 house in the Flathead Valley was not equal to a \$100,000 house in Dawson County.

***{Tape : 3; Side : A; Approx. Time Counter : 19}***

**President Beyer** explained that all three community colleges have an in-district student tuition rate in deference to local property taxes. The cost of out-of-district would be comparable to the cost of the Colleges of Technology. The out-of-state rate is 100% of the cost of education.

**Ms. Joeehler** asked **President Beyer** if the fees they are charging are sufficient to cover the cost of customized training. He explained that usually the cost is equal to or slightly greater than the cost of preparing and providing the customized training.

**Ms. Engstrom** added a comment to **CHAIRMAN WITT'S** question about the cost of tuition for families at community colleges. She explained her brothers joined the military to get funds for college education. She was grateful to DCC since she has been able to get a quality education without accruing a great amount of debt.

***{Tape : 3; Side : A; Approx. Time Counter : 23}***



**ADJOURNMENT**

Adjournment: 12.00 P.M.

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REP. JOHN WITT, Chairman

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CAYENNA JOHNSON, Secretary

JW/CJ

**EXHIBIT** (jeh23aad)